

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1639
96TH GENERAL ASSEMBLY

Reported from the Committee on Ways and Means and Fiscal Oversight, May 17, 2012, with recommendation that the Senate Committee Substitute do pass.

4535S.12C

TERRY L. SPIELER, Secretary.

AN ACT

To repeal section 143.071, RSMo, and to enact in lieu thereof two new sections relating to taxation.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 143.071, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 143.013 and 143.071, to read as follows:

143.013. 1. This act shall be known and may be cited as the "Broad-Based Tax Relief Act of 2012".

2. As used in this section, "business income" means income greater than zero arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations. "Business income" shall not include "compensation" as such term is defined under subsection 1 of article IV of section 32.200.

3. In the case of a small corporation described in section 143.471 or a partnership, computing the deduction allowed under subsection 4 of this section, taxpayers described in subdivisions (1) or (2) of this subsection shall be allowed such deduction apportioned in proportion to their share of ownership of the business on the last day of the taxpayer's tax period for which such deduction is being claimed when determining the Missouri adjusted gross income of:

(1) The shareholders of a small corporation as described in

19 section 143.471;

20 (2) The partners in a partnership.

21 4. (1) In addition to all other modifications allowed by law, there
22 shall be subtracted from the federal adjusted gross income of an
23 individual taxpayer the amounts of business income as provided in this
24 subsection to the extent included in federal adjusted gross income
25 when determining the taxpayer's Missouri adjusted gross income.

26 (2) (a) For all tax years beginning on or after January 1, 2012,
27 the percentage of the amount of business income to be subtracted
28 under this subsection shall be determined as provided in this
29 subdivision.

30 (b) The office of administration shall compare the sum of the
31 Missouri net individual income tax revenues and the Missouri net
32 corporate income tax revenues, as reported by the department of
33 revenue, received in the fiscal year ending on June 30, 2010, to the
34 Missouri net individual income tax revenues and the Missouri net
35 corporate income tax revenues, as reported by the department of
36 revenue, received in the fiscal year ending on June thirtieth of the tax
37 year preceding the tax year for which the percentage of the amount of
38 business income to be subtracted under this section is being
39 determined under this section. Upon the completion of such
40 comparison, the office of administration shall immediately report the
41 results of such comparison to the director of the department of
42 revenue.

43 (c) If, upon comparison of the sum of the Missouri net individual
44 income tax revenues and the Missouri net corporate income tax
45 revenues received as provided in this subdivision, the office of
46 administration determines that the sum of the Missouri net individual
47 income tax revenues and the Missouri net corporate income tax
48 revenues received in the fiscal year ending on June thirtieth of such
49 preceding tax year are less than the sum of the Missouri net individual
50 income tax revenues and the Missouri net corporate income tax
51 revenues received in the fiscal year ending on June 30, 2010, the
52 percentage of the amount of business income that shall be subtracted
53 under this subsection, if any, shall be the same as the immediately
54 preceding tax year until such time the office of administration
55 determines that the sum of the Missouri net individual income tax

56 revenues and the Missouri net corporate income tax revenues received
57 are equal to or greater than the sum of the Missouri net individual
58 income tax revenues and the Missouri net corporate income tax
59 revenues received in the fiscal year ending on June 30, 2010, and the
60 percentage of business income subtracted should increase as provided
61 in paragraph (d) of this subdivision.

62 (d) a. In the first tax year for which the office of administration
63 determines that the sum of the Missouri net individual income tax
64 revenues and the Missouri net corporate income tax revenues received
65 in the preceding fiscal year ending on June thirtieth of such tax year
66 are equal to or greater than the sum of the Missouri net individual
67 income tax revenues and the Missouri net corporate income tax
68 revenues received in the fiscal year ending on June 30, 2010, the
69 percentage of the amount of business income that shall be subtracted
70 under this subsection shall be ten percent.

71 b. In the second tax year for which the office of administration
72 determines that the sum of the Missouri net individual income tax
73 revenues and the Missouri net corporate income tax revenues received
74 in the preceding fiscal year ending on June thirtieth of such tax year
75 are equal to or greater than the sum of the Missouri net individual
76 income tax revenues and the Missouri net corporate income tax
77 revenues received in the fiscal year ending on June 30, 2010, the
78 percentage of the amount of business income that shall be subtracted
79 under this subsection shall be twenty percent.

80 c. In the third tax year for which the office of administration
81 determines that the sum of the Missouri net individual income tax
82 revenues and the Missouri net corporate income tax revenues received
83 in the preceding fiscal year ending on June thirtieth of such tax year
84 are equal to or greater than the sum of the Missouri net individual
85 income tax revenues and the Missouri net corporate income tax
86 revenues received in the fiscal year ending on June 30, 2010, the
87 percentage of the amount of business income that shall be subtracted
88 under this subsection shall be thirty percent.

89 d. In the fourth tax year for which the office of administration
90 determines that the sum of the Missouri net individual income tax
91 revenues and the Missouri net corporate income tax revenues received
92 in the preceding fiscal year ending on June thirtieth of such tax year

93 are equal to or greater than the sum of the Missouri net individual
94 income tax revenues and the Missouri net corporate income tax
95 revenues received in the fiscal year ending on June 30, 2010, the
96 percentage of the amount of business income that shall be subtracted
97 under this subsection shall be forty percent.

98 e. In the fifth tax year for which the office of administration
99 determines that the sum of the Missouri net individual income tax
100 revenues and the Missouri net corporate income tax revenues received
101 in the preceding fiscal year ending on June thirtieth of such tax year
102 are equal to or greater than the sum of the Missouri net individual
103 income tax revenues and the Missouri net corporate income tax
104 revenues received in the fiscal year ending on June 30, 2010, and in
105 each succeeding tax year, the percentage of the amount of business
106 income that shall be subtracted under this subsection shall be fifty
107 percent.

108 (e) Once an increase occurs in the percentage of the amount of
109 business income to be subtracted under this subsection as provided in
110 paragraph (d) of this subdivision, the percentage of the amount
111 subtracted under this subsection shall not be decreased even if the sum
112 of the Missouri net individual income tax revenues and the Missouri
113 net corporate income tax revenues received in any following fiscal year
114 ending on June thirtieth of any following tax year are less than the sum
115 of the Missouri net individual income tax revenues and the Missouri
116 net corporate income tax revenues received in the fiscal year ending on
117 June 30, 2010.

143.071. 1. For all tax years beginning before September 1, 1993, a tax
2 is hereby imposed upon the Missouri taxable income of corporations in an amount
3 equal to five percent of Missouri taxable income.

4 2. For all tax years beginning on or after September 1, 1993, **but before**
5 **December 31, 2011**, a tax is hereby imposed upon the Missouri taxable income
6 of corporations in an amount equal to six and one-fourth percent of Missouri
7 taxable income.

8 3. (1) For each tax year beginning on or after January 1, 2012,
9 the tax imposed upon the Missouri taxable income of corporations shall
10 be in an amount as determined under this subsection.

11 (2) The office of administration shall compare the sum of the
12 Missouri net corporate income tax revenues and the Missouri net

13 individual income tax revenues, as reported by the department of
14 revenue, received in the fiscal year ending on June 30, 2010, to the sum
15 of the Missouri net corporate income tax revenues and the Missouri net
16 individual income tax revenues, as reported by the department of
17 revenue, received in the fiscal year ending on June thirtieth of the tax
18 year preceding the tax year for which the amount of the tax imposed
19 under this section is being determined under this section. Upon the
20 completion of such comparison, the office of administration shall
21 immediately report the results of such comparison to the director of the
22 department of revenue.

23 (3) If, upon comparison of the sum of the Missouri net corporate
24 income tax revenues and the Missouri net individual income tax
25 revenues received as provided in this subsection, the office of
26 administration determines that the sum of the Missouri net corporate
27 income tax revenues and the Missouri net individual income tax
28 revenues received in the fiscal year ending on June thirtieth of such
29 preceding tax year are less than the sum of the Missouri net corporate
30 income tax revenues and the Missouri net individual income tax
31 revenues received in the fiscal year ending on June 30, 2010, the
32 amount of the tax imposed under this subsection shall be at the same
33 rate as the immediately preceding tax year until such time the office of
34 administration determines that the sum of the Missouri net corporate
35 income tax revenues and the Missouri net individual income tax
36 revenues received are equal to or greater than the sum of the Missouri
37 net corporate income tax revenues and the Missouri net individual
38 income tax revenues received in the fiscal year ending on June 30,
39 2010, and the amount of the tax imposed under this subsection should
40 decrease as provided in subdivision (4) of this subsection.

41 (4) (a) In the first tax year for which the office of administration
42 determines that the sum of the Missouri net corporate income tax
43 revenues and the Missouri net individual income tax revenues received
44 in the preceding fiscal year ending on June thirtieth of such tax year
45 are equal to or greater than the sum of the Missouri net corporate
46 income tax revenues and the Missouri net individual income tax
47 revenues received in the fiscal year ending on June 30, 2010, the
48 amount of the tax imposed under this subsection shall decrease to an
49 amount equal to five and five-eighths percent of Missouri taxable

50 income.

51 (b) In the second tax year for which the office of administration
52 determines that the sum of the Missouri net corporate income tax
53 revenues and the Missouri net individual income tax revenues received
54 in the preceding fiscal year ending on June thirtieth of such tax year
55 are equal to or greater than the sum of the Missouri net corporate
56 income tax revenues and the Missouri net individual income tax
57 revenues received in the fiscal year ending on June 30, 2010, the
58 amount of the tax imposed under this subsection shall decrease to an
59 amount equal to five percent of Missouri taxable income.

60 (c) In the third tax year for which the office of administration
61 determines that the sum of the Missouri net corporate income tax
62 revenues and the Missouri net individual income tax revenues received
63 in the preceding fiscal year ending on June thirtieth of such tax year
64 are equal to or greater than the sum of the Missouri net corporate
65 income tax revenues and the Missouri net individual income tax
66 revenues received in the fiscal year ending on June 30, 2010, the
67 amount of the tax imposed under this subsection shall decrease to an
68 amount equal to four and three-eighths percent of Missouri taxable
69 income.

70 (d) In the fourth tax year for which the office of administration
71 determines that the sum of the Missouri net corporate income tax
72 revenues and the Missouri net individual income tax revenues received
73 in the preceding fiscal year ending on June thirtieth of such tax year
74 are equal to or greater than the sum of the Missouri net corporate
75 income tax revenues and the Missouri net individual income tax
76 revenues received in the fiscal year ending on June 30, 2010, the
77 amount of the tax imposed under this subsection shall decrease to an
78 amount equal to three and three-fourths percent of Missouri taxable
79 income.

80 (e) In the fifth tax year for which the office of administration
81 determines that the sum of the Missouri net corporate income tax
82 revenues and the Missouri net individual income tax revenues received
83 in the preceding fiscal year ending on June thirtieth of such tax year
84 are equal to or greater than the sum of the Missouri net corporate
85 income tax revenues and the Missouri net individual income tax
86 revenues received in the fiscal year ending on June 30, 2010, and for

87 each succeeding tax year, the amount of the tax imposed under this
88 subsection shall decrease to an amount equal to three and one-eighth
89 percent of Missouri taxable income.

90 (5) Once a decrease occurs in the amount of the tax imposed
91 under this subsection as provided in subdivision (4) of this subsection,
92 the amount of the tax imposed under this subsection shall not increase
93 even if the sum of the Missouri net corporate income tax revenues and
94 the Missouri net individual income tax revenues received in any
95 following fiscal year ending on June thirtieth of any following tax year
96 are less than the sum of the Missouri net corporate income tax
97 revenues and the Missouri net individual income tax revenues received
98 in the fiscal year ending on June 30, 2010.

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Bill

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